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Monsanto

FROM
(NAME-LOCATION-PHONE) R. L. Nelson - WGK

DATE June 7, 1984

cc. D. C. Armstrong
E. J. Forneris

SUBJECT

REFERENCE

TO J. J. McQueeny

The South Trunk Sewer Project costs were projected to be: \$6,200K capital; \$700K expense. Breakdown of capital costs are:

\$4,800K Contractor bid including directs
500K Indirects
500K Engineering
400K Contingency

\$6,200K

Several steps were taken to reduce capital costs.

1. We have discussed design changes which will reduce costs without sacrificing the integrity of the sewer.
2. We have obtained approval from CED and plant accounting personnel to reclassify some capital expenditures as expense expenditures.
3. CED personnel are presently pursuing possible cost savings with the general contractor.

As a result of the above actions, the approximate project costs are presently projected to be: \$5,300K capital; \$1,300K expense vs. an approval of \$5,000K capital; \$700K expense.

CED plans to finalize the costs within the next two weeks and prepare a variance for approval. The construction contract will not be awarded until the variance is approved.

Approximately \$750K has been spent on the project to date.


R. L. Nelson

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